

Message Text

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AMCONSUL DHAHRAN

UNCLAS JIDDA 6280

FOR : BIC/MEPD

E.O.: 11652: N/A

TAGS: BEXP, SA

SUBJ: MAJOR PROJECTS: STATUS REPORT ON DESALINATION
PROJECTS

REF : (A) STATE 199708; (B) JIDDA 3835

BEGIN SUMMARY: SAG PLANS FOR DUAL PURPOSE DESALINATION/
POWER PLANTS TOTAL 235 MILLION GALLONS PER DAY AND 2400
MW AT COST NEARLY ONE BILLION DOLLARS IN NEXT 3 TO 4
YEARS. URGE STRONGEST EFFORT TO INVOLVE U.S. COMPANIES
IN THESE OPPORTUNITIES. PRIMARY CANDIDATES SEEMS TO BE
WESTINGHOUSE AND ENVIROGENICS.

1. REGRET DELAY IN REPLY TO REF A. INFORMATION OF
ENVIROGENICS IS BADLY OUT OF DATE. CURRENT JIDDA PROJECT
NOT YET AWARDED. IT IS A 10 MILLION GPD/50MW (STEAM)
PLANT, ESTIMATED COST \$60 MILLION, FOR WHICH BID DEAD-
LINE IS NOV 2. LEADING CONTENDERS ARE JAPANESE, GERMAN,
AND BRITISH FIRMS. CONSULTANT IS EUBANK (BRITISH). NEXT
IN LINE IS THE AL-KHOBAR STAGE 2, A 15 MILLION, TO BE
AWARDED IN MARCH 1975.

2. OUR UNDERSTANDING, DERIVED FROM LOCAL SOURCES, IS
THAT THERE ARE ONLY THREE U.S. FIRMS PRESENTLY WITH
CAPABILITY TO UNDERTAKE THE HORIZONTAL MULTI-FLASH SYSTEM
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TO WHICH THE SAUDI GOVERNMENT IS COMMITTED: AQUACHEM,

WESTINGHOUSE, AND ENVIROGENICS. AQUA-CHEM IS NOMINALLY BLACKLISTED, BUT MORE SERIOUS DIFFICULTY IS THAT SAG NOT AT ALL SATISFIED WITH THEIR PERFORMANCE ON THE AL-KHOBAR PLANT. WESTINGHOUSE SEVERAL YEARS AGO ALIENATED HEAD OF SAG DESALINATION, PRINCE MOHAMED BIN FAISAL, BUT WE ARE EXPECTING VICE-PRESIDENT OF THEIR POWER SYSTEMS INT'L, ROBERT HUGHES, NOV 2 ON WHAT WE PRESUME IS A FENCEMENDING TRIP. SAG SEEMS TO THINK HIGHLY OF ENVIROGENICS, BUT COMPLAIN THAT THEY ARE TOO INFLEXIBLE ABOUT INSISTING ON THEIR OWN SYSTEMS APPROACH RATHER THAN CONFIRMING TO TENDER SPECIFICATIONS.

3. AN ENORMOUS VOLUME OF DESALINATION BUSINESS IS IN THE OFFERING FOR THE NEXT THREE YEARS. FOR MUNICIPAL USE ONLY, THERE ARE 11 MAJOR INSTALLATIONS PLANNED, RUNNING FROM 15 MILLION GPD/150 MW TO 30 MILLION GPD/300 MW. TOTAL COST IN RANGE OF ONE BILLION RPT ONE BILLION DOLLARS; TOTAL CAPACITIES ABOUT 235 MILLION GPD AND 2400 MW, ALMOST ALL STEAM GENERATED. PRIMARY CONSULTANTS FOR PROJECTS SHAPING UP TO BE SANDERSON AND PORTER (US), EUBANK (UK), AND BINNEY (UK). PROJECT-BY-PROJECT BREAKDOWN BEING SUBMITTED BY POUCH. ADDITIONALLY, 20 RPT 20 SMALL PLANTS--IN THE RANGE OF 120 THOUSAND GPD/1 MW--ARE PLANNED, AT ESTIMATED COST OF \$5 MILLION EACH. ALL THE ABOVE CONTRACTS ARE TO BE AWARDED BY 1978. FINALLY, REQUIREMENTS FOR PROJECTED INDUSTRIAL PROJECTS (E.G., STEEL MILL, PETRO-CHEMICAL PLANTS) WILL FAR EXCEED ALL ABOVE PUT TOGETHER, WE ARE TOLD REQUIREMENT JUST FOR STEEL MILL WILL BE AT LEAST 50 MILLION GPD PLANT.

4. IN VIEW OF ABOVE, FEEL THAT STRONGEST EFFORT SHOULD BE MADE TO PUSH US INDUSTRY INTO SERIOUS COMPETITION FOR THESE PROJECTS. IF THERE ARE COMPETENT COMPANIES IN ADDITION TO THOSE IN PARA 2, WE WOULD BE DELIGHTED. IN MEANTIME, IT APPEARS THAT OUR MAJOR EFFORT MUST BE WITH WESTINGHOUSE AND ENVIROGENICS. STRESS SHOULD BE ON SERIOUS COMMITMENT AND RESPONSIVENESS TO SAUDI REQUIREMENTS. WE ARE LOOKING FORWARD TO WESTINGHOUSE VISIT AND URGE ENVIROGENICS TO MAKE SIMILAR VISIT ASAP.

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